

# AUSTRALIAN BUSINESS LAW REVIEW

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## ARTICLES

### **Watchdog or Show Dog? Incentives and Competitive Advantages of the Big 4 under Australia’s Professional Standards Acts** – *Brendan Lyon and David Johnstone*

Professional indemnity schemes sanctioned under Australia’s *Professional Standards Acts* have allowed major accounting firms to expand and make most of their revenue from multi-disciplinary consulting services while protected from professional and personal liability by statutory limits intended to cover only traditional audit and insolvency services. In effect, the “Big 4” and other large accounting partnerships compete with other non-accounting consulting firms that do not have the same cover. The indemnity scheme assists the Big 4 to operate as quasi-corporations rather than being subject to the personal liabilities usually assumed of a partnership. By allowing consulting services to be treated in the same way as traditional accounting services, the Professional Services Council has favoured the commercial expansion of the Big 4 rather than prioritising the obligations of accounting firms to consumers and society generally. .... 157

### **Shifting Boundaries: Trade Secret Protection in the Generative AI Era** – *Kanchana Kariyawasam and Royal Raj Subburaj*

Generative artificial intelligence (AI) is reshaping the intellectual property (IP) landscape, with significant impacts on trade secrets law. Auto-generated content, reverse engineering capabilities, unlimited data-sharing practices and the use of unauthorised data have posed new challenges for both businesses and individuals seeking to maintain exclusive control and ownership over their trade secrets. Through a comparative analysis of Australia and the European Union, this article examines the intersection of generative AI and trade secrets law in Australia to identify key gaps in current legislation, including the lack of clear accountability for AI-generated outputs and insufficient protection for trade secrets in AI models. The article argues that regulatory reforms – including enhanced AI governance, stronger transparency obligations and harmonised IP enforcement mechanisms – are necessary to balance the competing interests of innovation, commercial confidentiality and fair competition. .... 177

### **Mandatory Scope 3 Reporting: Implications for Directors** – *April Klineberg*

The Treasury Laws Amendment (Financial Market *Infrastructure and Other Measures*) Act 2024 (Cth) came into force on 1 January 2025. This Act amends the *Corporations Act 2001* (Cth) to impose mandatory climate-related disclosure obligations on large businesses. As a part of this, reporting entities will be required to report on their Scope 3 emissions. This article critically examines the problems surrounding the accurate measurement of

Scope 3 emissions due to both data and practical limitations. It then argues that directors need to take the utmost care with mandatory Scope 3 reporting. Significant problems with measurement and accuracy of Scope 3 reporting exposes directors to a heightened risk of penalties and litigation. However, if companies under-report Scope 3 emissions due to legislative exemptions this may lead to “green hushing”. ..... 202